

FY 2016 DELIVERY COSTS BY SHAPE

I. PREFACE

A. Purpose and Content

USPS-FY16-19 documents the development of FY 2016 delivery costs by rate category for First-Class Mail, Periodicals, Standard Mail, Bound Printed Matter, and Media Mail.

B. Predecessor Documents

ACR2015, PRC-LR-ACR2015/8 and USPS-FY15-19

C. Corresponding Non-Public Document

There is no corresponding Non-Public document to USPS-FY16-19

D. Methodology

USPS-FY16-19 follows the methods from PRC-LR-ACR2014/8 with one modification. In Docket No. ACR2015, USPS-FY15-19 disaggregated delivery costs for certain categories of flats (including Carrier Route Flats) into those destinating in FSS zones and those destinating in Non-FSS zones.^{1,2} A classification change occurred in June 2015 that required all pieces in FSS bundles to be Standard Mail Flats.³ Consequently, USPS-FY16-19 does not have delivery costs for Carrier Route Flats destinating to FSS Zones, because they were not permitted during FY 2016. USPS-FY16-19 does present disaggregated delivery costs for flat shaped Periodicals, Standard Mail Flats, and Bound Printed Matter by destination between FSS and Non-FSS zones per the established methodology.⁴

¹ Delivery costs for flats destinating in FSS and Non-FSS zones were presented for Periodicals, Carrier Route, Standard Mail Flats, and Bound Printed Matter.

² See Docket No. RM2015-16, Order No. 2839, November 25, 2015.

³ See Docket No. R2015-4, Order No 2472, May 7, 2015.

⁴ See USPS-FY16-19, workbook FSSDeliveryModel16, tab Table2_FSS

E. Inputs/Outputs**Inputs:**

Workbook	Tabs	Input Workbook	ACR Folder
UDCInputs16	Inputs	FCM STD WGTI EOYV	USPS-FY16-14
UDCInputs16	7.0.6	CS06&7, W/S 7.0.6	USPS-FY16-32
UDCInputs16	7.0.8	CS06&7, W/S 7.0.8	USPS-FY16-32
UDCInputs16	7.0.6.10	CS06&7, W/S 7.0.6.10	USPS-FY16-32
UDCInputs16	City DAL Costs	CS06&7, W/S 7.0.10	USPS-FY16-32
UDCInputs16	CS06&7 CRA	CS06&7, W/S Outputs to CRA	USPS-FY16-32
UDCInputs16	CS7 Shape	CS06&7, W/S 7.0.6	USPS-FY16-32
UDCInputs16	CS10CRA	CS10, W/S Outputs to CRA	USPS-FY16-32
UDCInputs16	Rural DAL Costs	CS10, W/S 10.3	USPS-FY16-32
UDCInputs16	RuralCosts	CS10, W/S 10.1.3, 10.2.3	USPS-FY16-32
UDCInputs16	Rural Vols	CS10, W/S Inputs DK	USPS-FY16-32
UDCInputs16	CCCSDALs	CCCS_DALCasing_FY16_Final	USPS-FY16-34
UDCInputs16	RCCSDALs	RCCS_DAL_Final_FY16	USPS-FY16-35
UDCInputs16	BYPback	FY16Public.PB	USPS-FY16-24
UDCInputs16	DPS%	DPS Percentage FY16	USPS-FY16-10
UDCInputs16	CCCSECRVols	CCCS_Matrix_FY16_Final	USPS-FY16-34
UDCInputs16	RCCSECVols	RCCS_Matrix_FY16_Final	USPS-FY16-35
UDCInputs16	BoxholderbyShape	RCCS_Matrix_FY16_Final	USPS-FY16-35
UDCInputs16	RPWShape	FY2016_RPWAdj, Shape_Indicia_FY2016_EOY_SIRVORV	USPS-FY16-14
UDCInputs16	DALs	CCCS_DALCasing_FY16_Final, CCCS_Matrix_FY16_Final, RCCS_DAL_Final_FY16, RCCS_Matrix_FY16_Final	USPS-FY16-34, USPS-FY16-35
UDCInputs16	ParcelVols	CCCS_Matrix_FY16_Final, RCCS_Matrix_FY16_Final, Shape_Indicia_FY2016_EOY_SIRVORV	USPS-FY16-34, USPS-FY16-35, USPS-FY16-14
UDCInputs16	CARMM	KLTable16	USPS-FY 19, USPS-FY16-37

Inputs (continued) Workbook	Tabs	Input Workbook	ACR Folder
UDCInputs16	CARMMCaseing	KLTable_Casing16	USPS-FY 19, USPS-FY16-37
UDCInputs16	CARMMECR	KLTable16, KLTable_Casing16	USPS-FY 19, USPS-FY16-37
UDCInputs16	FCByIndicia	KLTable_FCSP_Indicia16, KLTable_FCSP_Indicia_Casing16, KLTable_FCSP_Letter_Collection16, Shape_Indicia_FY2016_EOY_SIRVORV, CCCS_FC_Indicia_FY16_Final, RCCS_FC_Indicia_FY16_Final	USPS-FY 19, USPS-FY16-37, USPS-FY16-14, USPS-FY16-34, USPS-FY16-35
FSSDeliveryModel16	FSSInputs	CS06&7, FY2016_RPWAdj	USPS-FY16-32, USPS-FY16-14
FSSDeliveryModel16	FSS Volume Inputs	Flats Mech Coverage FY16	USPS-FY16-14

Outputs

Description	ACR Folder
FY 2016 Discounts and Passthroughs of Workshare Items	USPS-FY16-3
FY 2016 Special Cost Studies Workpapers - Letter Cost Models	USPS-FY16-10
FY 2016 Nonprofit Mail Cost Approximations	USPS-FY16-27
FY 2016 Market Dominant NSA Materials	USPS-FY16-30

II. ORGANIZATION

USPS-FY16-19 contains five directories containing twenty-three files. In response to the Commission's directive, USPS-FY16-19 contains the SAS programs and updated mixed-mail filed used to calculate the delivery costs.⁵ Previously, only the SAS log files were included as part of the delivery cost ACR filing. The name and contents of each of the five directories are contained in the following table.

⁵ See Docket No. RM2015-2, Order No. 3526 (September 22, 2016) at 11.

Contents of USPS-FY16-19 by Directory

Directory	Contents
CARMM Output Workbooks	This directory contains five Excel workbooks that are outputs from running the respective SAS programs using the IOCS CARMM data file contained in USPS-FY16-37. The workbook KLTable16 , for example, calculates the 6.1 direct labor costs and is the output from running the SAS program entitled KLTable16 . The workbooks in this directory provide 6.1 direct labor costs, 6.1 casing costs by rate category, and First Class Single Piece Letter 6.1 direct labor, casing, and collection costs by indicia.
Delivery Model Workbooks	<p>This directory contains four Excel workbooks. The calculation of aggregate delivery costs is contained in three workbooks. The workbook UDCInputs16 has the necessary cost and volume inputs. The workbook VolAdj16 contains all of the volume adjustments that are part of the established methodology. Lastly, the workbook UDCModel16 takes the inputs and volume adjustments and performs the necessary calculations to get the final aggregate unit delivery and collection costs by rate category that are displayed in tab Table 1 – FY16 Unit Delivery Costs and are shown on pages 5-6 of this preface. For the FSS delivery costs, disaggregated unit delivery costs for the relevant products destinating in FSS/Non-FSS zones are found in workbook FSSDeliveryModel16, tab Table 2_FSS and are shown on page 7 of this preface.</p> <p>Documentation of the content of each tab within the UDCInputs16, UDCVolAdj16, UDCModel16, and FSSDeliveryModel16 workbooks is included in the tab titled 'NOTES' within each of the four workbooks. The 'NOTES' tab lists all of the tabs within each workbook along with a brief description of its function.</p>
Input_Files	This directory contains four files that are used by the five SAS production programs included in the SAS_Programs directory. The four files consist of two Excel Workbooks, a csv file, and a SAS program. The two Excel workbooks entitled ActivityCodesMaster_Filing and ActivityCodesMaster_ForIndicia map the IOCS activity codes to CRA products. The csv file entitled MxMailCodeFY16 maps the mixed mail codes to direct mail codes. The SAS program entitled macMxMail contains macros to read the mixed mail activity mapping from the csv file entitled MxMailCodeFY16 .
SAS Logs	Directory contains five SAS logs that result from running the five SAS programs of the same name.
SAS Programs	Directory contains the five SAS programs that produce the five Excel output files of the same name contained in the CARMM Output Workbooks directory. The five SAS programs calculate 6.1 direct labor costs, 6.1 casing costs by rate category, and First Class Single Piece Letter direct labor, casing, and collection costs by indicia.

Table 1 – FY16 Unit Delivery Costs	
Rate Category	Unit Delivery Cost (Cents)
First-Class Single Piece	
Letters	9.624
Stamped Letters	9.357
Metered Letters	9.944
Other Letters	27.693
Flats	22.572
First-Class Parcels	44.957
First-Class Presort	
Non-automation Nonmach Mixed ADC	18.757
Non-automation Nonmach ADC	18.757
Non-automation Mach Mixed AADC	5.049
Nonautomation -- Mach AADC	4.586
Nonautomation – Nonmach 3-Digit	18.757
Nonautomation – Nonmach 5-Digit	18.757
Nonautomation -- Mach 3-Digit	4.586
Nonautomation -- Mach 5-Digit	4.586
Automation Mixed AADC	5.199
Automation AADC	4.893
Auto 3-Digit Letters	4.917
Auto 5-Digit Letters CSBCS/Manual Sites	18.757
Auto 5-Digit Letters Other Sites	3.737
Auto 5-Digit Letters	4.427
Presort Letters (Avg.)	4.614
Presort Flats	19.537
First-Class Cards	
Single Piece	11.505
FC Nonautomation Cards	3.894
Auto Mixed AADC Cards	3.993
Auto AADC Cards	3.790
Auto 3-Digit Cards	3.806
Auto 5-Digit Cards	3.482
Auto 5-Digit Cards CSBCS/Manual Sites	12.973
Auto 5-Digit Cards Other Sites	3.025

Table 1 – FY16 Unit Delivery Costs (cont.)	
Rate Category	Unit Delivery Cost (Cents)
Presort Cards (Avg.)	3.672
Periodicals	
Letters	11.176
Flats	13.290
Parcels	36.953
Package Services – Bound Printed Matter	
Flats	14.728
Parcels	37.863
Package Services – Media Mail	
Flats	19.232
Parcels	44.061
Standard Mail	
Nonautomation -- Nonmach Mixed ADC	16.722
Nonautomation – Nonmach ADC	16.722
Nonautomation – Mach Mixed AADC	4.962
Nonautomation -- Mach AADC	4.962
Nonautomation – Nonmach 3-Digit	16.722
Nonautomation – Nonmach 5-Digit	16.722
Automation Mixed AADC	5.091
Automation AADC	4.829
Automation 3-Digit Letters	4.849
Automation 5-Digit Letters	4.429
Letters. (Avg.)	4.571
Flats	17.314
Parcels	40.685
High Density/Saturation	
High Density Letters	3.248
Saturation Letters	6.174
High Density Flats WITH DAL	9.067
High Density Flats WITHOUT DAL	9.046
Saturation Flats WITH DAL	9.109
Saturation Flats WITHOUT DAL	8.757
First-Class Single Piece Metered Collection Cost per Order 1320	2.430

Table 2 – FSS - FY16 FSS Zone/Non-FSS Zone Unit Delivery Costs (Cents)

Table 2 –FY16 FSS Zone/Non-FSS Zone Unit Delivery Costs	
Flats	Unit Delivery Cost (Cents)
Periodicals Flats	13.290
Periodicals Flats – FSS Zones	13.688
Periodicals Flats – Non-FSS Zones	13.151
Bound Printed Matter Flats	14.728
Bound Printed Matter FSS Zones	13.159
Bound Printed Matter – Non-FSS Zones	15.064
Standard Mail Flats	17.314
Standard Mail Flats – FSS Zones	15.477
Standard Mail Flats – Non-FSS Zones	18.382
Carrier Route Flats Non-FSS Zones	12.807